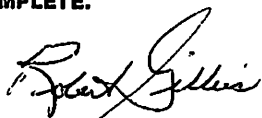


U.S. Trustee Basic Monthly Operating Report

Case Name: Cobalt Coal LLC Date Filed: December 15/19
Case Number 19-70149 SIC Code: 122

Month (or portion) covered by this report: November 2019

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THIS U.S. TRUSTEE BASIC MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS ON BEHALF OF THE CHAPTER 11 DEBTOR AND, TO THE BEST OF MY KNOWLEDGE, THIS REPORT AND RELATED DOCUMENTS ARE TRUE, CORRECT AND COMPLETE.



ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

**December 15, 2019
DATE REPORT SIGNED**

Robert Gillies - Accountant

PRINTED NAME OF RESPONSIBLE PARTY AND POSITION WITH DEBTOR

The debtor is required to provide financial reports prepared by or for the debtor in addition to the information required by this form. The U.S. Trustee may permit the debtor to eliminate duplicative information. No such permission is valid unless in writing.

QUESTIONNAIRE:

	YES	NO
1. IS THE BUSINESS STILL OPERATING?	<input checked="" type="radio"/> G	<input type="radio"/> G
2. DID YOU SELL ANY ASSETS OTHER THAN INVENTORY THIS MONTH?	<input type="radio"/> G	<input checked="" type="radio"/> G
3. HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY?	<input type="radio"/> G	<input checked="" type="radio"/> G
4. DID YOU PAY ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH?	<input type="radio"/> G	<input checked="" type="radio"/> G
5. DID YOU PAY ALL YOUR BILLS ON TIME THIS MONTH?	<input type="radio"/> G	<input checked="" type="radio"/> G
6. DID YOU PAY YOUR EMPLOYEES ON TIME?	N/A → <input type="radio"/> G	<input type="radio"/> G
7. HAVE YOU FILED ALL OF YOUR RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH?	N/A → <input type="radio"/> G	<input type="radio"/> G
8. DID YOU PAY ALL OF YOUR INSURANCE PREMIUMS THIS MONTH?	<input checked="" type="radio"/> G	<input type="radio"/> G
9. DID ANY INSURANCE COMPANY CANCEL YOUR POLICY THIS MONTH?	<input type="radio"/> G	<input checked="" type="radio"/> G
10. HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH?	<input checked="" type="radio"/> G	<input type="radio"/> G
11. DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT?	<input type="radio"/> G	<input checked="" type="radio"/> G
12. DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH?	<input type="radio"/> G	<input checked="" type="radio"/> G

	Yes	No
13. DID YOU DEPOSIT ALL MONEY FOR YOUR BUSINESS INTO THE DIP ACCOUNT THIS MONTH?	<u>G</u>	G
14. DID THE BUSINESS SELL ANY GOODS OR PROVIDE SERVICES TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY?	G	<u>G</u>
15. DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH?	<u>G</u>	G
16. ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE UST?	<u>G</u>	G

TAXES

DO YOU HAVE ANY PAST DUE TAX RETURNS OR PAST DUE POST-PETITION TAX OBLIGATIONS?

G

G

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

(Exhibit A)

INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOU RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT TRANSACTIONS. [If you use an automated accounting system, please attach a copy of the Income Statement and Balance Sheet.]

TOTAL INCOME \$ nil

(Exhibit B)

EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS PAID THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. [If you use an automated accounting system, please attach a copy of the Disbursements Journal, otherwise attach a copy of the check register.]

TOTAL EXPENSES \$(31,258.32)

(Exhibit C)

CASH PROFIT

INCOME FOR THE MONTH (TOTAL FROM EXHIBIT B)

nil

EXPENSES FOR THE MONTH (TOTAL FROM EXHIBIT C)

\$(31,258)

(Subtract the total from Exhibit C from the total of Exhibit B)

CASH PROFIT FOR THE MONTH \$(31,258)

UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT AND WHEN THE DEBT IS DUE.

TOTAL PAYABLES \$347,151

(Exhibit D)

MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED AND WHEN IS PAYMENT DUE.

TOTAL RECEIVABLES ____\$nil__

(EXHIBIT E)

BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT.

EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED? nil

NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT? nil

PROFESSIONAL FEES

TOTAL PROFESSIONAL FEES APPROVED BY THE COURT DURING THIS REPORTING PERIOD?	\$0
TOTAL PROFESSIONAL FEES APPROVED BY THE COURT SINCE THE FILING OF THE CASE?	\$17,696.20
TOTAL PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR DURING THIS REPORTING PERIOD?	\$3,075
TOTAL PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR SINCE THE FILING OF THE CASE?	\$39,453
PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR RELATED TO BANKRUPTCY DURING THIS REPORTING PERIOD?	\$3,075
PROFESSIONAL FEES INCURRED BY OR ON BEHALF OF THE DEBTOR RELATED TO BANKRUPTCY SINCE THE FILING OF THE CASE?	\$39,453

PROJECTIONS

COMPARE YOUR ACTUAL INCOME, EXPENSES AND THE CASH PROFIT TO THE PROJECTIONS FOR THE FIRST 180-DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

We do not have any projections because we do not know what we are mining yet, or how much income it will produce, which is zero if lease is not assumed or if Steinman somehow terminates it.

PROJECTED INCOME FOR THE MONTH:

ACTUAL INCOME FOR THE MONTH (EXHIBIT B):

DIFFERENCE BETWEEN PROJECTED AND ACTUAL INCOME:

PROJECTED EXPENSES FOR THE MONTH:

TOTAL ACTUAL EXPENSES FOR THE MONTH (EXHIBIT C):

DIFFERENCE BETWEEN PROJECTED AND ACTUAL EXPENSES:

PROJECTED CASH PROFIT FOR THE MONTH:

ACTUAL CASH PROFIT FOR THE MONTH
(TOTAL FROM EXHIBIT B MINUS TOTAL FROM EXHIBIT C)

DIFFERENCE BETWEEN PROJECTED AND ACTUAL CASH PROFIT:

[If actual cash profit was 90% or less of projected cash profit, please attach a detailed written explanation.]

Highlands Union Bank General Ledger Cobalt Coal LLC - DEBTOR IN POSSESSION Account [REDACTED] 3457

Sch C

Date	Check	Payee	Purpose	Amount	Balance
2019-11-08	144	Mike Crowder	Reimbursement for Payments made using Credit Card to the following: 10/9/2019, VaDMME Civil Penalty (failed to take 2018 Benthic Survey) Fine \$550 11/8/2019, Environmental Monitoring Inc (BENTHIC TESTING Ken Energy and KMH permits), \$2.640	\$ (3,190.00)	\$ 3,416.87
2019-11-20	DEP		from Clinchco Acquisition Corporation ("CAC")	\$ 28,044.00	\$ 31,460.87
2019-11-20		Highlands Union Bank	incoming wire fee	\$ (20.00)	\$ 31,440.87
2019-11-20	145	Steinman Development Company	Royalty Payment (monthly-recoupable)	\$ (25,000.00)	\$ 6,440.87
2019-11-21	146	Mike Crowder	Reimbursement for Payments made using Credit Card to the following: 11/20/2019, USI Insurance Services, Liability Insurance, \$2,344.27 11/20/2019, Environmental Monitoring Inc (Ken Energy and KMH permits), \$700 11/21/2019, USPS, Certified Mail for Monthly Royalty Payment to Steinman, \$4.05	\$ (3,048.32)	\$ 3,392.55
Balance per bank				\$	3,500.88
less: o/s cheque 108				-\$	108.33
Balance per above				\$	<u>3,392.55</u>
Cash receipts				\$	28,044.00
Cash disbursements				-\$	<u>31,258.32</u>
				\$	<u>(3,214.32)</u>

Cobalt Coal LLC

Accounts payable and accruals
As at November 30, 2019

Exhibit D

Scot Farling - Invoice to August 31/19		\$10,631
Accrual for legal fees - Scot Farling	Sept-Nov	\$28,822
Overriding royalties	Feb -Oct.	\$210,000
Maxim Engineering, Inc.	May	\$10,894
Maxim Engineering, Inc.	June	\$1,787
Maxim Engineering, Inc.	July	\$3,098
Maxim Engineering, Inc.	September	\$14,454
Maxim Engineering, Inc.	November	\$5,313
Enviromental Monitoring Inc.	November	\$700
Ken Stanley	April-Oct	\$56,000
Ken Stanley - travel expenses		\$5,452
Artemis Consulting Services LLC	November	\$2,875
Artemis Consulting Services LLC	November	\$575
Steinman - legal fees	November	\$45,640
Steinman - 2019 property taxes	November	\$8,739
		<u>\$347,151</u>

000 00009 11
ACCOUNT:

PAGE: 1
11/29/2019

COBALT COAL LLC
DEBTOR IN POSSESSION #19-70149
1042 MUDDY CREEK RD
PINEY FLATS TN 37686-3038

30
0
5

FOR QUESTIONS CALL (276) 628-9463 OR (276) 669-6521 OR (800) 291-6465

BUSINESS ACCOUNT 3457

DESCRIPTION	DEBITS	CREDITS	DATE	BALANCE
BALANCE LAST STATEMENT			10/31/19	33,017.12
CHECK # 141	25,000.00		11/04/19	8,017.12
CHECK # 143	1,301.92		11/08/19	6,715.20
CHECK # 144	3,190.00		11/12/19	3,525.20
WIRE FROM HELEN HAZER THOMAS		28,044.00	11/20/19	31,569.20
INCOMING WIRE FEE	20.00		11/20/19	31,549.20
CHECK # 146	3,048.32		11/25/19	28,500.88
CHECK # 145	25,000.00		11/27/19	3,500.88
BALANCE THIS STATEMENT			11/29/19	3,500.88
TOTAL CREDITS (1)		28,044.00		
TOTAL DEBITS (6)		57,560.24		

YOUR CHECKS SEQUENCED

DATE...CHECK #.....AMOUNT	DATE...CHECK #.....AMOUNT	DATE...CHECK #.....AMOUNT
11/04 141* 25,000.00	11/12 144 3,190.00	11/25 146 3,048.32
11/08 143 1,301.92	11/27 145 25,000.00	

(*) INDICATES A GAP IN CHECK NUMBER SEQUENCE

* * * C O N T I N U E D * * *

000 00009 11

ACCOUNT:

PAGE: 2
11/29/2019

COBALT COAL LLC

BUSINESS ACCOUNT 3457

- - - ITEMIZATION OF OVERDRAFT AND RETURNED ITEM FEES - - -

	TOTAL FOR THIS PERIOD	TOTAL YEAR TO DATE
* TOTAL OVERDRAFT FEES:	\$.00	\$.00
* TOTAL RETURNED ITEM FEES:	\$.00	\$.00

- END OF STATEMENT -

COBALT COAL LLC 101003457 Page 3

Cobalt Coal, LLC
Debtor in Possession #19-70149
609 Highway 81 NE
Waco, VA 24293

DATE 10/30/2019

PAY TO THE ORDER OF STEINMAN DEVELOPMENT COMPANY \$ 25,000.00

Twenty Five Thousand 00/100 DOLLARS

Highlands Union Bank

for Royalty Payment (person)

345 70

141 \$25,000.00 11/4/2019

Cobalt Coal, LLC
Debtor in Possession #19-70149
609 Highway 81 NE
Waco, VA 24293

DATE 10/25/2019

PAY TO THE ORDER OF United States Trustee \$ 1,301.92

one thousand three hundred one 92/100 DOLLARS

Highlands Union Bank

for 237-19-70149

345 70

143 \$1,301.92 11/8/2019

Cobalt Coal, LLC
Debtor in Possession #19-70149
609 Highway 81 NE
Waco, VA 24293

DATE 11/2/2019

PAY TO THE ORDER OF Mike Crowder \$ 3,190.00

Three thousand one hundred ninety 00/100 DOLLARS

Highlands Union Bank

for Royalty Payment (person)

345 70

144 \$3,190.00 11/12/2019

Cobalt Coal, LLC
Debtor in Possession #19-70149
609 Highway 81 NE
Waco, VA 24293

DATE 11/20/2019

PAY TO THE ORDER OF STEINMAN DEVELOPMENT COMPANY \$ 25,000.00

Twenty Five Thousand 00/100 DOLLARS

Highlands Union Bank

for Royalty Payment (person)

345 70

145 \$25,000.00 11/27/2019

Cobalt Coal, LLC
Debtor in Possession #19-70149
609 Highway 81 NE
Waco, VA 24293

DATE 11/21/2019

PAY TO THE ORDER OF Michael Crowder \$ 3,048.32

Three thousand forty eight 32/100 DOLLARS

Highlands Union Bank

for Royalty Payment (person)

345 70

146 \$3,048.32 11/25/2019